



## 2010 Investment Office Roadmap

### September 2010 Quarterly Report

#### Risk Management – Janine Guillot

Objective	Planned Completion Date	Status	Accomplishments
<i>Adopt a risk framework and governance structure</i>	April 2010	✓	<ul style="list-style-type: none"> <li>Establish a Risk Framework and Governance structure with cross-Investment Office representation</li> <li>Presented Risk Framework to Investment Office staff</li> <li>Risk Governance structure approved by CIO, COIO and SIOs</li> </ul>
<i>Complete a risk assessment of the Total Fund investment processes</i>	06/30/11	●	<ul style="list-style-type: none"> <li>Met with AON, who provided framework, initial coaching and project examples</li> <li>Conducted investment office-wide electronic risk survey, compiled results, and developed interview questions for investment office decision-makers</li> </ul>
<i>Produce a Total Fund exposure dashboard</i>	06/30/11	●	<ul style="list-style-type: none"> <li>Risk Dashboard work socialized among asset classes</li> <li>Assumptions and Outcomes discussed, challenged, and eventually confirmed</li> </ul>

#### Capital Allocation – Farouki Majeed

Objective	Planned Completion Date	Status	Accomplishments
<i>Build consensus on role of asset classes and risk profile internally</i>	May 2010	✓	Completed
<i>Establish allocation framework for annual capital allocation</i>	May 2010	✓	Completed
<i>Conduct ALM Workshop in Q4 and recommend Strategic Asset Allocation targets before year end</i>	12/31/10	●	In progress
<i>Develop Liquidity Management and Capital Allocation for Private Equity Asset Classes</i>	06/30/11	●	In progress

#### Legend:

✓ = complete

● = on target or trending to target

▼ = need to watch

■ = management attention needed



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### Organization Systems & Controls – Janine Guillot

Objective	Planned Completion Date	Status	Accomplishments
<i>Introduce new investment proposal submission and tracking system (<b>Rapid Results Project</b>)</i>	June 2010	✓	Completed
<i>Rationalization of Composite Structure (<b>Rapid Results Project</b>)</i>	12/31/10	●	In progress
<i>Investment Proposal Decision Criteria and Screening Process (<b>Rapid Results Project</b>)</i>	12/31/10	●	In progress
<i>Continue to identify inefficiencies / gaps</i>	On-going	●	In progress

### Cost Effectiveness / Profit Enhancement – Janine Guillot

Objective	Planned Completion Date	Status	Accomplishments
<i>Improve terms on deals in 2010 in Real Estate, RMARS, AIM, ILAC, and Corporate Governance (<b>Rapid Results Project</b>)</i>	May 2010	✓	<ul style="list-style-type: none"> <li>• \$100 M in cost savings</li> <li>• Best practices shared across the asset classes in terms of contract negotiations and alignment of interests</li> <li>• Transparency in fees and structures across the asset classes</li> </ul>
<i>Improve terms on deals in 2010 and institutionalize associated processes going forward (<b>Rapid Results Project</b>)</i>	12/31/10	●	In progress

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### Financial Market Reform – Anne Simpson

Objective	Planned Completion Date	Status	Accomplishments
<i>Create a new, diverse pool of talent for boards (<b>Rapid Results Project</b>)</i>	June 2010	✓	<ul style="list-style-type: none"> <li>• Rapid result achieved – Shareowner nomination process agreed upon with United Health</li> <li>• Formed advisory committee to steer project (shareowners, diversity groups, companies); developed candidate questionnaire</li> <li>• Identified five companies – working with AIM, ILAC and Real Estate</li> </ul>
<i>Establish a total fund process for developing policy and practice on Environmental, Social, and Governance</i>	06/30/11	●	<ul style="list-style-type: none"> <li>• Develop plan, approved by Internal Strategy Group and Senior Corporate Governance Group</li> <li>• Commissioned Mercer, identified and initiated “Peer Group Exchange”</li> </ul>
<i>Engage legislators and regulators on market stability and shareholder rights</i>	06/30/11	●	<ul style="list-style-type: none"> <li>• Frank/Dodd Financial Market Reform legislation passed with significant CalPERS input at Congressional and Executive level</li> <li>• Top priority – Proxy Access – included with 9/12 CalPERS priorities</li> </ul>
<i>Develop majority voting standard for director elections</i>	06/30/11	●	<ul style="list-style-type: none"> <li>• Engaged 58 companies requesting majority vote reform</li> <li>• 13 agreed, 27 in-discussion, 18 have not replied</li> <li>• Staff has started the process with the CalPERS Legal Office to begin filing shareowner proposals</li> </ul>
<i>Develop financial sector focus list</i>	06/30/11	●	Met with board directors with 7 of CalPERS 8 largest financial holdings

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